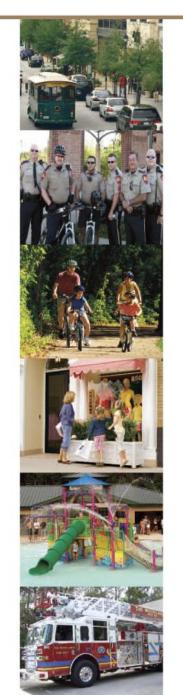






Budget Planning Work Session

June 23, 2010



What are the challenges for The Woodlands Township in delivering quality services to residents in 2011 and beyond?

The Woodlands Township established a benchmark property tax rate of 32.8 cents per \$100 or valuation to pay for services, debt service and capital improvements in the 2010 budget process. When establishing the initial property tax rate, the Board was presented with a five year financial plan for the purpose of addressing future budget requirements and maintaining a stable tax rate.

Factors the Board will need to consider in order to stabilize the tax rate and continue to address the community service and capital facility needs.

- ✓ Continuation of existing services
- ✓ Community growth
- ✓ Inflationary increases
- ✓ Revenue base
- √ Expectations
- ✓ Future changes
- ✓ Potential changes in government structure
- ✓ Fiscal planning





Multiple factors must be considered when developing a budget

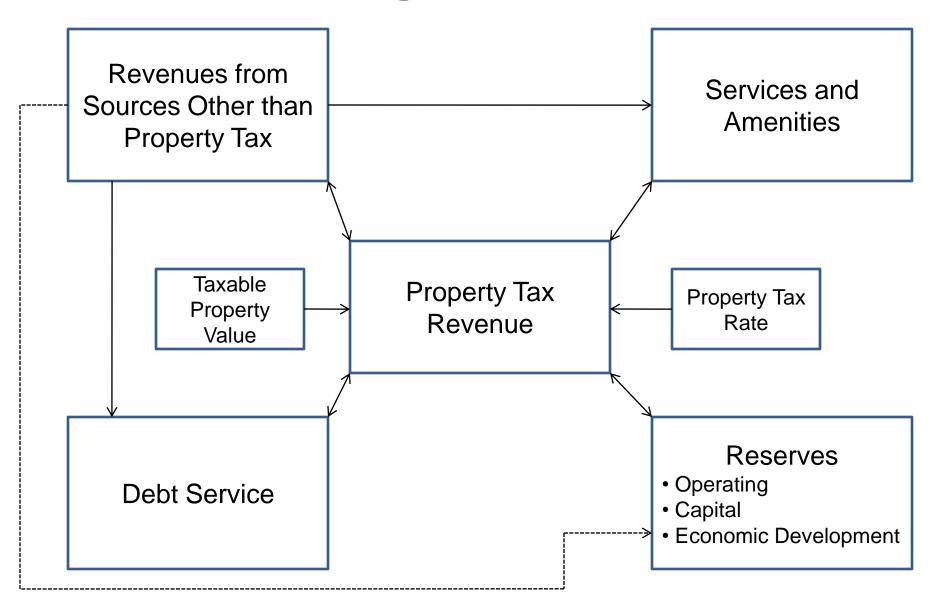
- Sources of Funds
 - Property Tax Revenue (Taxable Property Value x Tax Rate)
 - Sales Tax/HOT
 - Other Revenues
 - Debt Proceeds
 - Funding from Reserves
- Uses of Funds
 - Operating Expenditures
 - Capital Expenditures
 - Debt Services
 - Contributions to Reserves

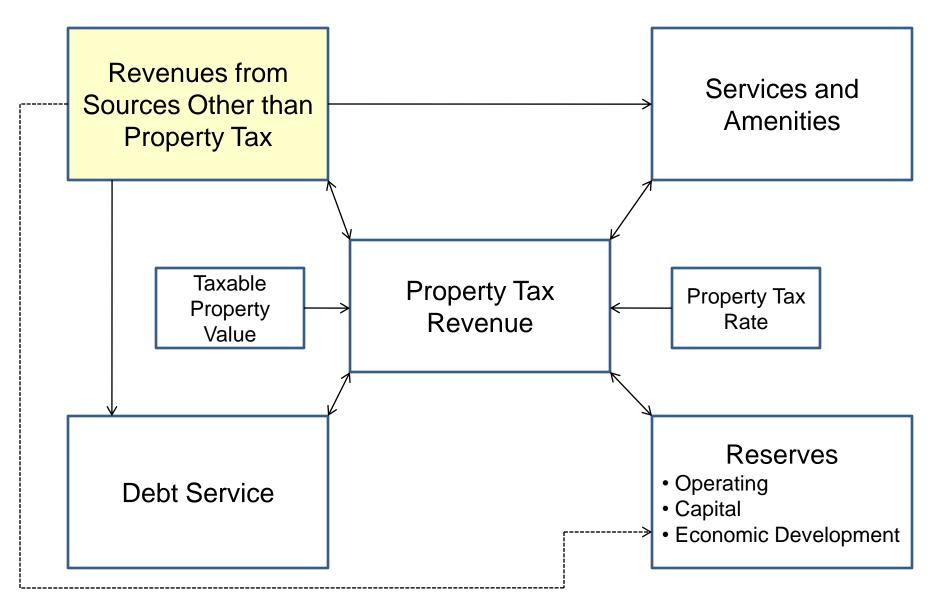




- Direct and indirect relationships exist among the various budget factors.
- Decisions regarding a particular budget factor will likely impact required property tax revenue as well as one or more of the other factors.
- This is why it is important to make budget decisions within a process that includes financial review and analysis of all the budget factors in a comprehensive budget document.

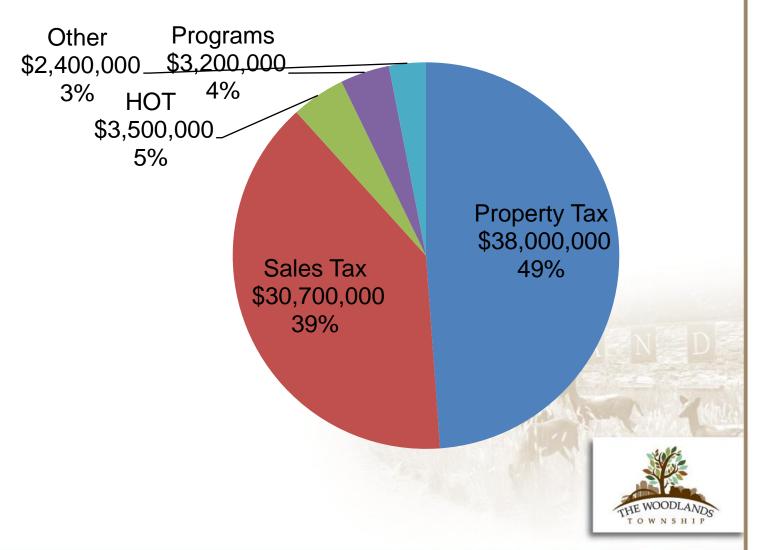


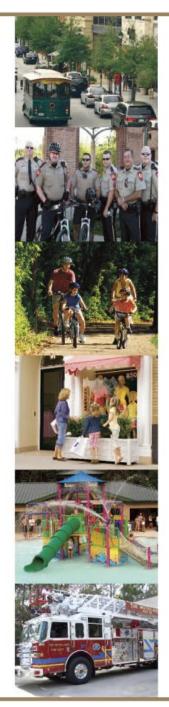






Revenue Sources - 2010





How much of the Township's budget is funded from sales and hotel occupancy tax?

Sales Tax	\$30.7 million
Hotel Occupancy Tax	3.5 million
Total	\$34.2 million*

* 44% of Total Revenue Sources





Sales Tax/Hotel Occupancy Tax

Approximately 1/3 of collections used to fund visitor promotion costs and related services costs

EDZ Debt Service

Convention & Visitors Bureau

Mounted Patrol/Security

Economic Development

Trolley Service

Ambassador Program

Seasonal Lighting

\$3.7 million

\$2.1 million

\$2.0 million

\$1.6 million

\$0.4 million

\$0.4 million

\$0.3 million

\$0.2 million



Sales Tax/Hotel Occupancy Tax

Approximately **2/3** of collections used to reduce property tax

Fire Department \$13.9 million

Public Safety \$6.0 million

– RPA Debt Service/Payments \$2.4 million

Debt Service – Station 6/Emergency Training Center
 \$1.2 million





New Revenue Sources

- Hotel Occupancy Tax
 - Currently 7%
 - 2011: additional 1% = \$500,000
 - 2012: additional 1% = \$500,000
 - Funding is required to be used for tourism and convention related activities
- Event Tax
 - 2011: 5% (if implemented)
 - By agreement, the Pavilion/Township would share a 90/10 split
 - Pavilion would receive 4.5% = \$750,000
 - Township would receive 0.5% = \$75,000 annually
 - Funding is required to be used to support cultural education
 - Used to fund economic development reserve



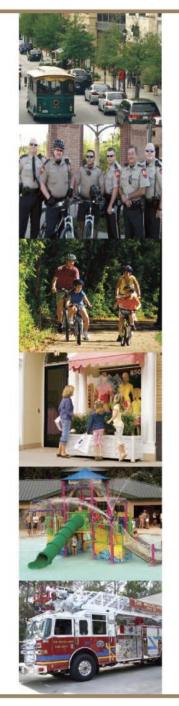


Revenues

- Program Revenues
 - Recreation
 - Aquatics
 - CVB
- Administrative Fees
 - Transfer fees
 - CovenantAdministration
 - Vehicle Storage

- Other Income
 - Convention Center Lease
 - Fire DepartmentContracts
 - Miscellaneous
- Grants and Contributions
- Investment Income

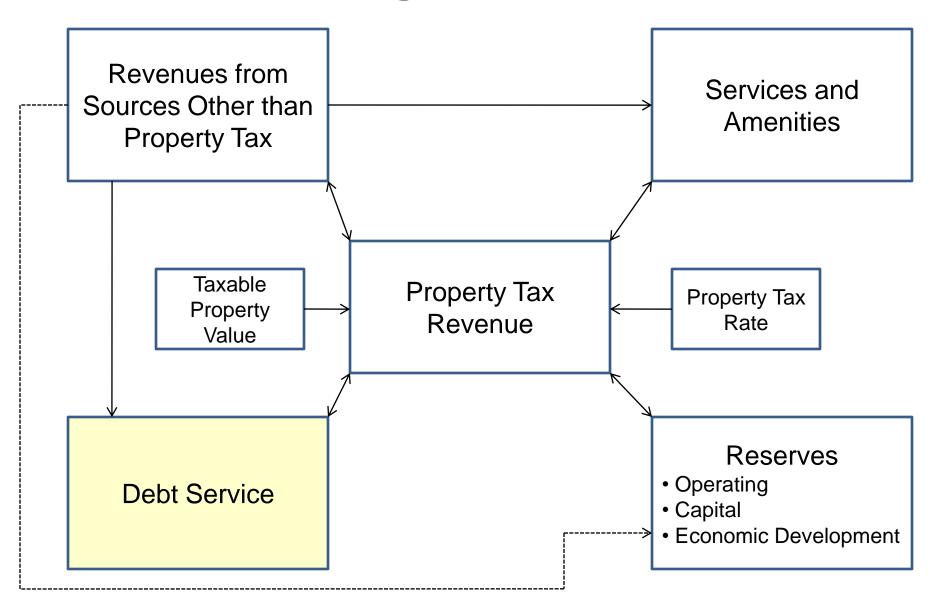




Revenues (Other than Property Tax)

Questions/Comments







Debt Service

- Continue with Long-Term Debt Management Plan approved Board in 2009
- Principal and Interest Payments as required for:
 - 2001 Bond Series
 - 2009 Bond Series
 - 2010 Bond Series
 - 2012 Bond Series (approx. \$15 million remaining)
- Maintain debt service reserve requirements

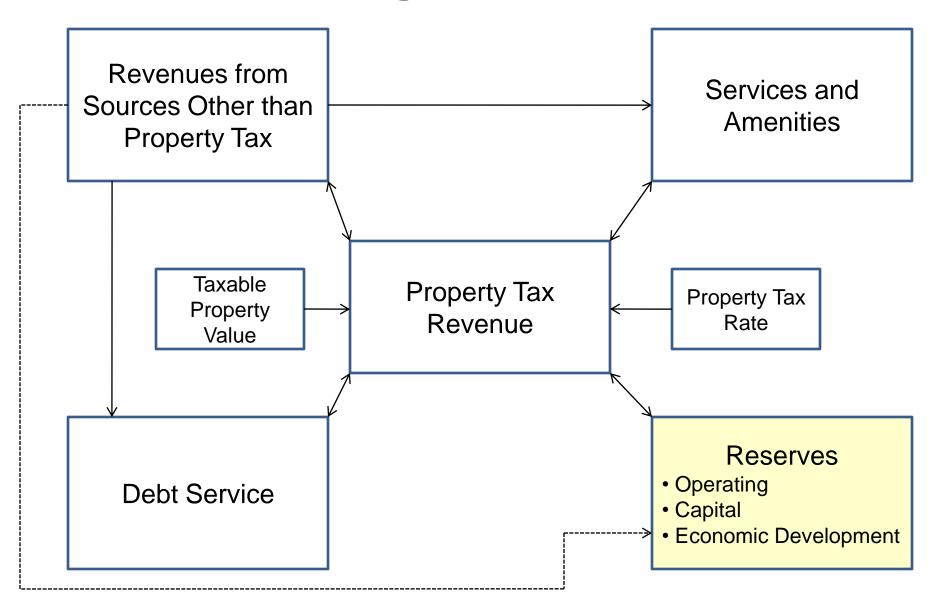




Debt Service

Questions/Comments







Reserves

Policy adopted by Board in 2009

- Operating Reserve
 - Maintain at 20% of operating revenues
 - Current balance = \$15.5 million
- Capital Reserve
 - Fund with 75% of annual favorable budget variances
 - Reserve Study will be conducted in 2010/2011
 - Current balance = \$850,000



Reserves

Policy adopted by Board in 2009

- Economic Development Reserve
 - Fund with 25% of annual favorable budget variances
 - Fund with 1% event tax implemented in 2011 (approx. \$75,000)
 - Current balance = \$66,000
- Debt Service Reserve
 - As required by bond covenants
 - Current balance = \$2.6 million

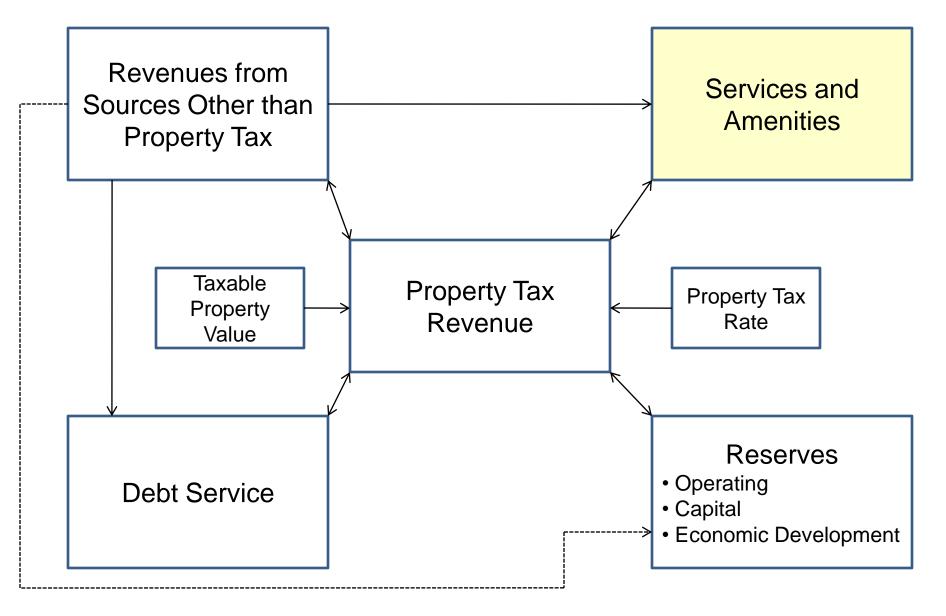




Reserves

Questions/Comments



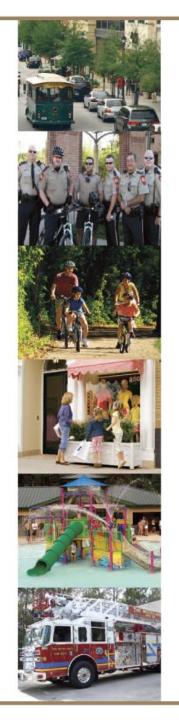




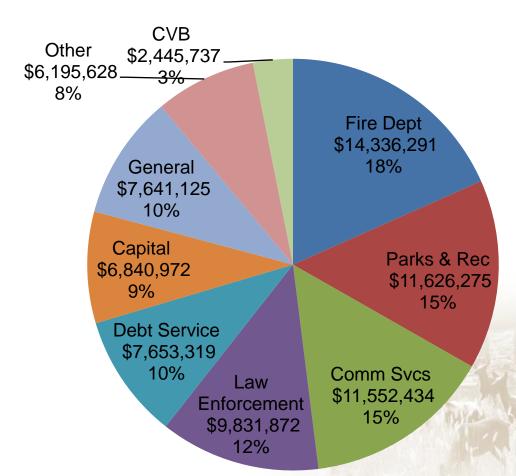
Services and Amenities

- 2010 Consolidated Budget = \$78.1 million
- Over 80% of the budget is to support
 - Public Safety
 - Parks and pathways
 - Community Maintenance
 - Capital Outlay
 - Debt Service

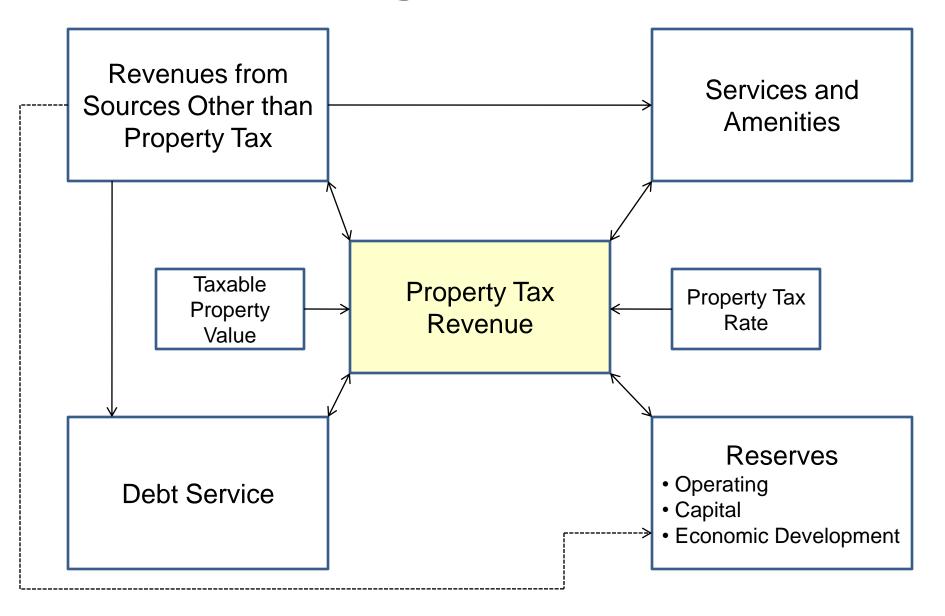




Services and Amenities 2010 Budget





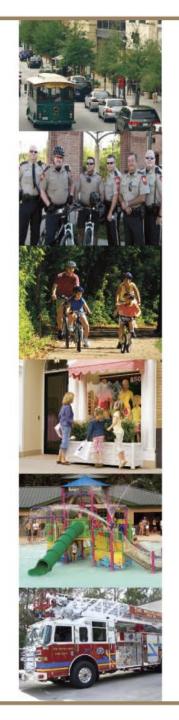




Property Tax Revenue

- Only a portion of community services funded by property tax
 - + \$38 million of total \$78 million budget (49%)
- Funds primarily the following services:
 - Community policing
 - Parks and pathways
 - Aquatics
 - Community wide maintenance
 - Trash collection/recycling
 - Capital assets (not financed)
 - Covenant Administration
 - Neighborhood Services
 - Community Relations/Administrative
 - Portion of Debt Service





Property Tax Revenue

- Taxable Property Value
 - Provided by MCAD in late July
 - Will reflect \$25,000 65 and over exemption
 - Will reflect expiring abatements
 - Future Impacts
 - New Development
 - Valuation of Existing Units
 - Voluntary Exemptions by the Board
- Property Tax Rate
 - Equal to or less than \$32.8 cents per \$100
 - Must be voted on by Board in early August to determine if public hearings are required
 - Must be adopted by the Board by September 1s



What do we hope to achieve with the 2011 budget planning work session today?

- Discuss short term and long term community needs
- Have Board develop a "shopping list" of issues for consideration in the budget process
- ✓ The Board "shopping list" may consist of
 - Changes in services
 - Capital projects
 - Long term planning issues
 - Governance
 - Legislative
- ✓ The list will be developed by the Board after hearing short presentations on services and issues
 - o Issues brought by Board members will be listed on flipcharts
 - Sufficient discussion should occur to allow a full understanding of the item
 - No Board vote or consensus is proposed for the June 23 meeting
 - Staff will develop support information on each of the items and discussions will occur with the Board during the budget process.



What will staff do with this feedback from the Board?

- ✓ Staff will prepare a recommended 2011 budget that will not exceed 32.8 cents per \$100 valuation
- ✓ Feedback from Board and staff will be considered during the 2011 budget process
- ✓ Items from the Board workshop that are not included in the 2011 recommended budget will be researched and "costed out" and presented to the Board during the budget discussions
- ✓ Decisions on all proposals should occur before the Board establishes the property tax rate





When will the final tax rate be determined by the Board?

- The final tax rate must be set by September 1.
- However, because of the public hearing requirements, the Board must vote on setting a tax rate that will be taken to the public hearings.





What is the process for today's discussion?

Discuss the Township's major services in more detail and seek Board feedback on services and issues

- ✓ Input from Board members will be recorded / no vote will be taken at this time (the items and issues will simply be recorded)
- ✓ The following list of flipcharts will be used at the budget planning session to record Board feedback.
 - Budget Service Changes additions or deletions
 - Capital Projects projects or equipment needs
 - Legislative
 - Governance Issues
 - Long Term Planning Issues 2012-2015
 - Other









Budget Planning Work Session

June 23, 2010